

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4181

ANSWERED ON:04.05.2007

MUTUAL EXTENSION OF BANKING SERVICES BETWEEN INDIA AND PAKISTAN

Chauri Shri Bapu Hari;Dhotre Shri Sanjay Shamrao

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes mutual extension of banking services between India and Pakistan;
- (b) if so, the details thereof; and
- (c) the further action taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) : Yes, Sir. An understanding has been reached between the Reserve Bank of India (RBI) and the State Bank of Pakistan (SBP) on granting permission for opening two branches of banks from India and Pakistan in each other's country, on a reciprocal basis. The specific banks to be permitted to open the branches would be mutually agreed upon by RBI and SBP keeping in view their respective regulatory policies and procedures. RBI has proposed to SBP the names of State Bank of India and Bank of India for opening their branches in Pakistan. Habib Bank Ltd., National Bank of Pakistan and United Bank Ltd. from Pakistan have evinced interest in opening their branches in India. In the meeting of Governor, RBI with the Governor of State Bank of Pakistan held on 26.09.2006, it was agreed that the licences to the banks for opening of their branches in each other's country would be given on reciprocal and simultaneous basis.